J00B01
State Highway Administration
Maryland Department of Transportation

Operating Budget Data

($ in Thousands)

	FY 11 Actual	FY 12 Working	FY 13 Allowance	FY 12-13 Change	% Change Prior Year
Special Fund	$392,549	$338,720	$368,428	$29,708	8.8%
Adjusted Special Fund	**$392,549**	**$338,720**	**$368,428**	**$29,708**	**8.8%**
Federal Fund	17,175	18,010	11,152	-6,858	-38.1%
Adjusted Federal Fund	**$17,175**	**$18,010**	**$11,152**	**-$6,858**	**-38.1%**
Adjusted Grand Total	**$409,724**	**$356,730**	**$379,580**	**$22,850**	**6.4%**

- The fiscal 2013 allowance increases by $22.9 million, or 6.4%, compared to the fiscal 2012 working appropriation. When accounting for Highway User Revenues (HUR), the fiscal 2013 operating budget allowance for State Highway Administration (SHA) increases $6.8 million, or 3.2%.

- The major increases in the allowance are $5.0 million for winter maintenance activities and $5.0 million for summer contract maintenance. The increases in the allowance are offset by personnel reductions and the transfer of the Highway Safety Office to the Motor Vehicle Administration.

- HUR is estimated to total $163.0 million in fiscal 2013, an increase of $16.1 million, or 10.9%. The increase in HUR is due to the county and municipal percentage share of HUR increasing and revenue growth. Baltimore City's share is expected to total $132.0 million, with $24.4 million for the counties and $6.5 million for municipalities.

Note: Numbers may not sum to total due to rounding.

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Paygo Capital Budget Data

($ in Thousands)

	Fiscal 2011	Fiscal 2012		Fiscal 2013
	Actual	**Legislative**	**Working**	**Allowance**
Special	$232,253	$284,627	$336,001	$346,557
Federal	$506,000	$584,955	$559,608	$569,093
Total	**$738,254**	**$869,582**	**$895,609**	**$915,650**

- The fiscal 2012 working appropriation increases $26.0 million from the legislative appropriation. Special funds increase $51.4 million due to project spending occurring in fiscal 2012 instead of fiscal 2011. Federal funds decrease $25.3 million because of cash flow rollover, bid savings, and project delays.

- The fiscal 2013 allowance increases $20.0 million compared to the fiscal 2012 working appropriation. The allowance increases due to cash flow being rolled into fiscal 2013.

Operating and PAYGO Personnel Data

	FY 11 Actual	FY 12 Working	FY 13 Allowance	FY 12-13 Change
Regular Operating Budget Positions	1,546.00	1,530.00	1,521.00	-9.00
Regular PAYGO Budget Positions	1,576.50	1,532.50	1,526.50	-6.00
Total Regular Positions	**3,122.50**	**3,062.50**	**3,047.50**	**-15.00**
Operating Budget FTEs	0.90	4.40	5.80	1.40
PAYGO Budget FTEs	1.40	17.60	16.20	-1.40
Total FTEs	**2.30**	**22.00**	**22.00**	**0.00**
Total Personnel	**3,124.80**	**3,084.50**	**3,069.50**	**-15.00**
Vacancy Data: Regular Positions				
Turnover and Necessary Vacancies, Excluding New Positions		121.29	3.98%	
Positions and Percentage Vacant as of 1/1/12		160.50	5.25%	

- The agency had 53.0 positions abolished as part of the Voluntary Separation Program offered during fiscal 2011.

- The agency also had 28.0 positions abolished as part of Section 47 in the fiscal 2012 budget bill. The fiscal 2012 allowance also included the abolishment of 32.0 positions.

- The fiscal 2013 allowance has 15.0 less regular positions than the fiscal 2012 working appropriation. This is due to 7.0 positions in the Highway Safety Office being transferred to the Motor Vehicle Administration and 8.0 positions abolished in the fiscal 2013 allowance.

- The fiscal 2013 allowance has turnover budgeted at 3.98% requiring 121.29 vacant positions. As of January 1, 2012, the agency had 160.5 vacant positions for a vacancy rate of 5.25%.

Analysis in Brief

Major Trends

Traffic Fatalities Continue to Decline: SHA has the goal of reducing the annual number of traffic and pedestrian fatalities to 475 by the end of calendar 2015. From calendar 2009 to 2010, the number of traffic fatalities decreased by 54, to 496, despite vehicle miles traveled increasing.

Congestion Does Not Improve or Worsen: Several national entities have indicated that Maryland has two of the more congested metropolitan regions. SHA tracks the level of congestion on freeways and arterial lanes. Since 1998, the level of congestion has increased as vehicle miles traveled increased. Congestion has remained around 29% on freeways since 2002. SHA indicates there is little funding for capacity improvements. **The Department of Legislative Services (DLS) recommends that SHA discuss what can be done to improve congestion since there is little funding available for major projects that might increase capacity. DLS also recommends that SHA discuss if and how a revenue increase might be used to increase highway capacity.**

System Preservation Measures Projected to Decline: The number of structurally deficient bridges in the State is expected to increase in calendar 2012, and the overall preferred maintenance condition of the network is expected to decline. The factors cited for the decline in system preservation are budget constraints and the costly nature of future bridge replacements. **DLS recommends that the agency discuss what is an acceptable number of structurally deficient bridges. In addition, the agency should discuss the impact of declining system preservation funding on the network and users and what can be done to improve the measures. Finally, SHA should discuss why more funding is not being devoted to improving these measures.**

Issues

Administration's Proposal for Local Aid: The Administration is proposing to create a new local aid grant program to increase local transportation aid as part of its transportation revenue bill. Once fully phased in, local jurisdictions will receive 20% of the new revenue with the counties receiving 70%, municipalities 20%, and Baltimore City 10%. **DLS recommends that the department discuss with the committees the Administration's proposal for local aid. DLS also recommends that during the General Assembly's deliberations on the Administration bill that instead of creating a whole new local aid program, the existing HUR program be used to achieve any policy objectives.**

Local Funding Alternatives: In considering local aid for transportation, there are several alternatives the committees may want to consider. These alternatives include creating a general fund aid program, maintaining the existing structure, creating operating and capital grants, or creating a revolving loan fund or State infrastructure bank. **DLS recommends that the department discuss the pros and cons of the various options presented, in particular, the revolving loan concept.**

State of Highway Funding: Fiscal 2011 actual spending on highways is slightly higher than fiscal 2000 levels with special fund spending $39.0 million less in fiscal 2011 than fiscal 2000. The level of spending on major projects in fiscal 2011 totals $126.0 million and is roughly half the amount of peak spending in fiscal 2002. Moving forward, system preservation funding is projected to account for 90% of funding in fiscal 2017 with only $2.6 million in major project funding. With the Administration's goal to double transit ridership and plans to construct two major transit lines, a majority of any additional revenue will be dedicated to transit funding instead of highway projects that could expand the network. **DLS recommends that MDOT and SHA discuss with the budget committees the future of highway funding, particularly if the transit lines are constructed. In addition, it should discuss how it intends to balance between highway and transit spending moving forward. Furthermore, the agencies should discuss what steps can be taken to reduce congestion on the highway network besides the transit lines and how that might be prioritized in the capital program, particularly given the budget constraints noted earlier.**

Watershed Implementation Plan: In December 2010, the Environmental Protection Agency (EPA) established a Total Maximum Daily Load (TMDL) for the Chesapeake Bay. EPA established a timeline that requires 60% of the pollution reduction measures to be in place by 2017 and all pollution reduction measures to be in place by 2025. SHA has an important role to play in the process through stormwater management. It is estimated that SHA's cost to implement the EPA goals is $1.0 billion to $1.5 billion. The fiscal 2012 to 2017 capital program has $55.1 million in funding, approximately $335.5 million less than what is needed. **DLS recommends that SHA discuss its strategy for meeting the TMDL, how it intends to fund the strategies necessary to meet the goal given the revenue constraints, and what happens if the goals are not achieved.**

Unique Funding Arrangement for Prince George's County Project: The department is proposing a grant for the Secretary's Office for a State road project in Prince George's County instead of funding it through SHA. This funding arrangement raises several issues. First, why is the State not moving forward with what it considered a reasonable plan for construction instead of deferring to the county's wishes. Second, why is the county taking the lead for the scope and approvals for a project that is on a State highway. Third, why is this being done as a capital grant instead of the county providing additional funding for the project to supplement the State appropriation. Finally, this does create a precedent of deferring to local wishes for State road projects. **DLS recommends that SHA address the issues raised above.**

Operating Budget Recommended Actions

		Funds
1.	Reduce funding for electricity to reflect energy performance contract savings.	$ 1,851,703
	Total Reductions	**$ 1,851,703**

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

Information on Process for Permits: During the 2010 and 2011 sessions, legislation was considered that would have required SHA to implement a process for the expedited review and approval of permits for construction. The legislation did not pass, but SHA was asked to report to the budget committees on the timeliness of the permits it does issue. SHA issues access permits for construction in SHA right-of-way with the average response time being 17.5 days per final permit. For calendar 2011, SHA issued 126 construction related permits with 88% issued within 30.0 days and 98% within 45.0 days. The other permit issued is for hauling, and 100% of permits were issued within 30.0 days of a complete application being submitted.

J00B01

State Highway Administration

Maryland Department of Transportation

Budget Analysis

Program Description

The State Highway Administration (SHA) is responsible for over 5,200 miles of interstate, primary and secondary roads, and over 2,500 bridges. SHA employees plan, design, build, and maintain these roads and bridges to safety and performance standards while paying attention to social, ecological, and economic concerns.

SHA employs personnel in seven engineering districts throughout the State and at the Baltimore City headquarters. Each district encompasses a number of adjacent counties, with a district office serving as its headquarters. There is at least one maintenance facility in each county. The districts are responsible for the management of highway and bridge construction contracts, and maintenance functions such as pavement repairs, bridge repairs, snow removal, roadside management, equipment maintenance, and traffic engineering operations.

SHA attempts to manage traffic and congestion through the Coordinated Highways Action Response Team (CHART) program. CHART provides information about traffic conditions and clears incidents on major roadways.

The highway safety program funds the Motor Carrier Division. The Motor Carrier Division manages the State's enforcement of truck weight and age limits by inspecting drivers, trucks, and cargo, as well as auditing carriers.

The administration has identified the following key goals:

- **Safety:** Improve highway safety in Maryland.
- **Mobility/Congestion Relief:** Improve mobility for customers.
- **System Preservation and Maintenance:** Maintain a quality highway system.
- **Efficiency in Government:** Improve efficiencies in business processes in a fiscally responsible manner.
- **Environmental Stewardship:** Develop and maintain Maryland State highways in an environmentally responsible manner.
- **Customer Satisfaction:** Provide services and products to customers that meet or exceed their expectations.

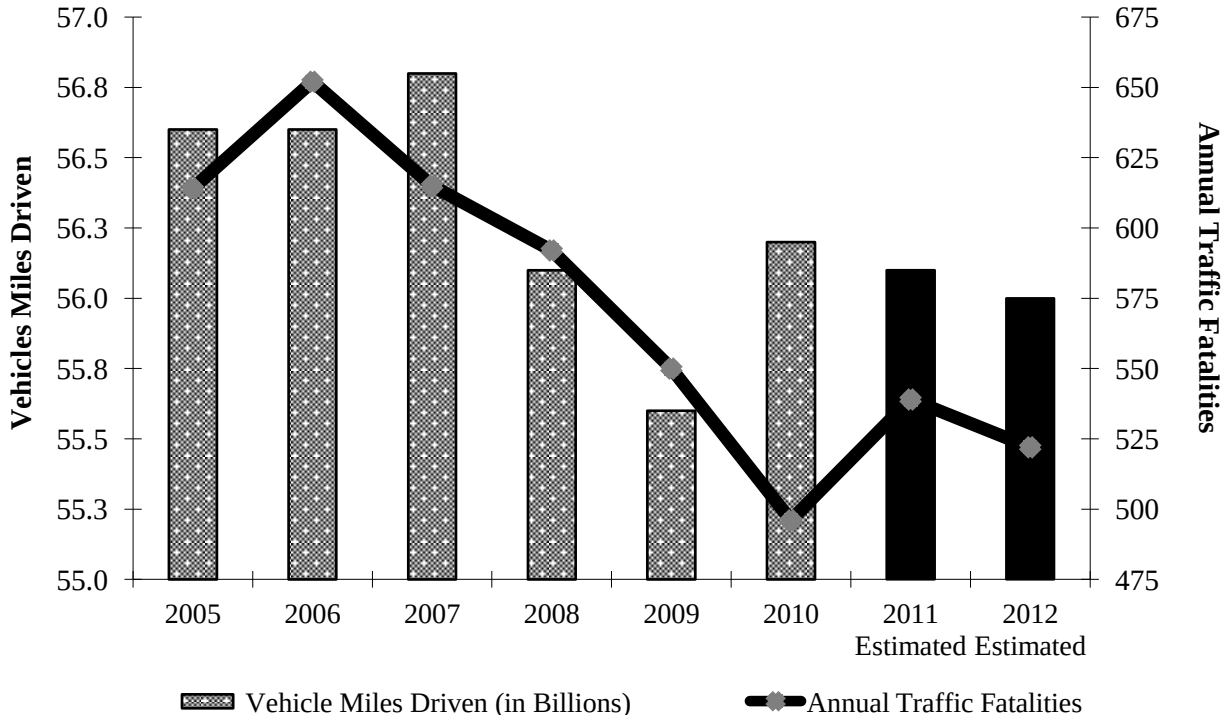
Performance Analysis: Managing for Results

SHA provides Managing for Results (MFR) performance measures that relate to its mission and goals. SHA's mission is to "efficiently provide mobility for our customers through a safe, well maintained, and attractive highway system that enhances Maryland's communities, economy, and environment."

Safety

Goal 1 of the SHA MFR submission is to improve highway safety in Maryland with the objective of reducing the annual number of traffic and pedestrian fatalities to 475 by the end of calendar 2015. While there are behavioral factors beyond SHA's control that impact this measure, **Exhibit 1** shows that in calendar 2010, the department made significant progress toward its goal. From calendar 2009 to 2010, the number of traffic fatalities declined by 54, or almost 10%, to 496, despite the number of vehicle miles traveled increasing. The traffic fatality rate dropped to 0.88 per 100 million miles in calendar 2010.

Exhibit 1
Highway Miles Driven Compared to Fatalities
Calendar 2005-2012



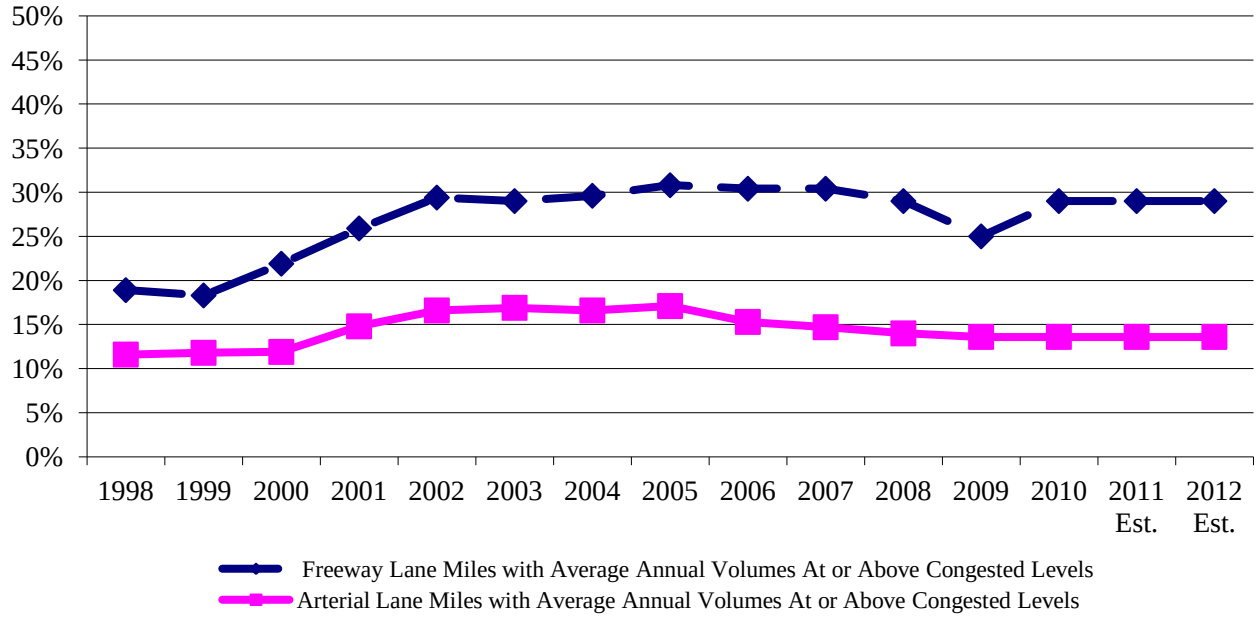
Source: State Highway Administration

It is also noteworthy that vehicle miles traveled began to increase again in calendar 2010, which helps to explain in part the increase in motor fuel tax revenues in fiscal 2011. In calendar 2011 and 2012, SHA estimates that vehicle miles traveled will decline. A decline in vehicle miles traveled would adversely impact motor fuel tax revenues.

Congestion

Several national entities (*e.g.*, Census Bureau, Reason Foundation, and Texas Transportation Institute) indicate that Maryland and the Washington and Baltimore metropolitan regions have some of the highest levels of roadway congestion in the country. **Exhibit 2** shows that the percentage of freeway lane miles that are congested increased from 19% in calendar 1998 to an estimated 29% in calendar 2012. Congestion on arterial lane miles is expected to remain relatively constant. In the department's strategies for slowing the growth of congestion in the 2012 Attainment Report, the Maryland Department of Transportation (MDOT) indicates that capacity improvements will be limited due to budget constraints. **The Department of Legislative Services (DLS) recommends that SHA discuss what can be done to reduce congestion with budget constraints and with little funding available for major projects that might increase capacity in the near term. DLS also recommends that SHA discuss if and how a revenue increase might be used to increase highway capacity.**

Exhibit 2
Level of Congested Freeway and Arterial Lane Miles
Calendar 1998-2012

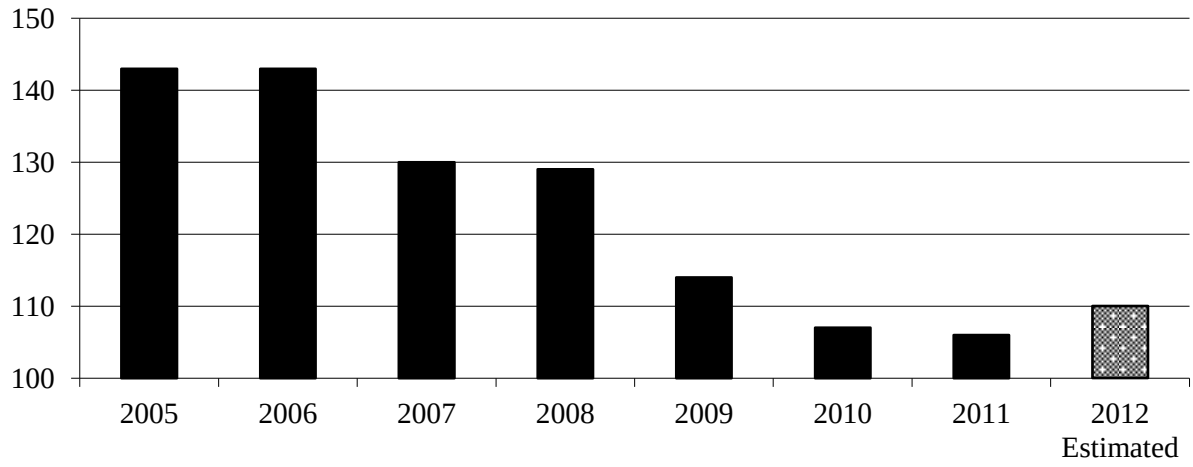


Source: State Highway Administration

System Preservation

Exhibit 3 shows that the number of structurally deficient bridges decreased from calendar 2005 to 2010. The department's business plan had a goal of reducing the number of structurally deficient bridges from 143 in 2006 to 120 in 2010. The actual number of structurally deficient bridges was 107 in 2010. The decline is due to investments made to replace bridges and efforts to improve bridges that were near the structurally deficient threshold. As a result of these investments, the percentage of structurally deficient bridges has decreased from 4.4 to 4.1% of all bridges. Moving forward, SHA indicates that there are more large bridge projects that will consume more resources. This is reflected in the calendar 2012 estimate where the number of structurally deficient bridges increases to 110. In the 2012 *Attainment Report*, SHA indicates that one strategy it is undertaking is to begin engineering activities early to build an inventory of shovel ready projects. **DLS recommends that SHA discuss with the committees what is considered an acceptable number of structurally deficient bridges for the State.**

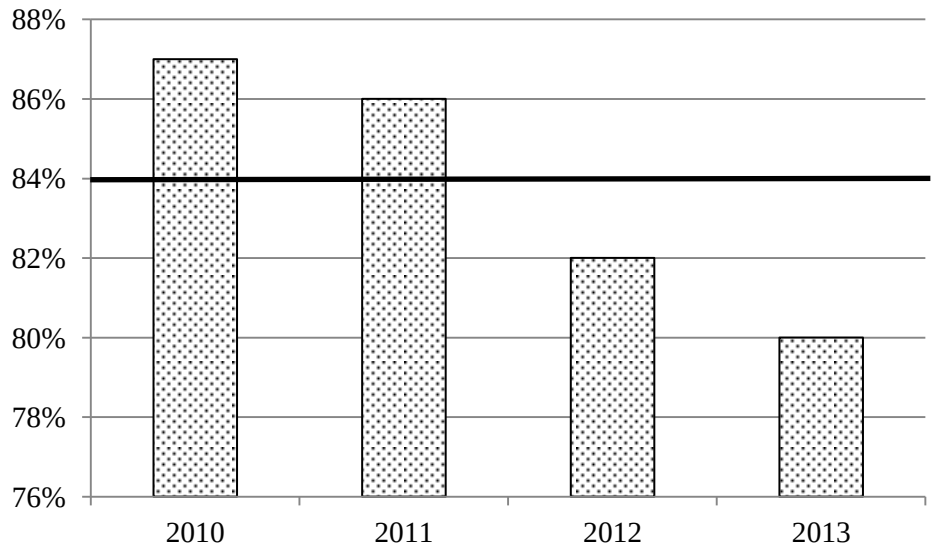
Exhibit 3
Structurally Deficient Bridges in State Highway Network
Calendar 2005-2012



Source: State Highway Administration

Another measure of system preservation is for SHA to maintain 84% of the highway network in an overall preferred maintenance condition. As shown in **Exhibit 4**, in calendar 2009 and 2010, SHA met its goal, but in calendar 2012 and 2013, the agency will fall short. This is largely because the level of spending for maintenance activities is expected to decline in 2012 and 2013. In the 2012 *Attainment Report*, MDOT indicates that maintenance activities are approximately $9 million less than historical amounts. **DLS recommends that the agency discuss why funding for maintenance is declining and what the impact of a reduced overall preferred maintenance means for drivers. In addition, SHA should discuss why more funding is not being devoted to prevent the decline in this measure.**

Exhibit 4
Highway Network in Overall Preferred Maintenance Condition
Calendar 2010-2013



Source: State Highway Administration

Proposed Budget

The fiscal 2013 allowance increases by $22.9 million, an increase of 6.4% compared to the fiscal 2012 working appropriation, as shown in **Exhibit 5**. Of the increase, $16.1 million is tied to growth in the local Highway User Revenue (HUR) formula. When adjusting for this, underlying operating budget growth for SHA in fiscal 2013 is $6.8 million or 3.2%.

Exhibit 5
Proposed Budget
MDOT – State Highway Administration
($ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Total
2012 Working Appropriation	$338,720	$18,010	$356,730
2013 Allowance	368,428	11,152	379,580
Amount Change	$29,708	-$6,858	$22,850
Percent Change	8.8%	-38.1%	6.4%
Contingent Reductions	$0	$0	$0
Adjusted Change	$29,708	-$6,858	$22,850
Adjusted Percent Change	8.8%	-38.1%	6.4%

Where It Goes:

Personnel Expenses	
Abolished/transferred positions	-549
Increments and other compensation	-184
Ending $750 bonus	-1,181
Employee and retiree health insurance	1,234
Employee retirement	639
Workers' compensation premium assessment	31
Overtime for winter maintenance	500
Turnover adjustments	318
Other fringe benefit adjustments	33
Other Changes	
Highway User Revenues	16,059
Equipment rental increase to reflect increase in winter maintenance budget	2,642
Major contract maintenance increase for Watershed Implementation Plan and maintenance plan	4,957
Supplies increase to reflect increase in winter maintenance budget	1,850
Signs and makers based upon historical spending	400
Traffic signal parts based upon historical spending	240
Energy Loan repayment for energy conservation	1,852
Electricity costs based upon Department of Budget and Management instructions	1,134

Where It Goes:	
Tree trimming experts based upon a two-year history	260
Highway Safety Office Transfer	-6,891
Engineers for inspection of final maintenance work	-550
Other	56
Total	**$22,850**

Note: Numbers may not sum to total due to rounding.

Section 19 proposes to provide resources to the Department of Information Technology (DoIT) to manage web design services and contracts. The objective is to consolidate contracts and personnel so that DoIT manages basic systems while agencies manage their specialized content. Approximately $900,000 and 11 regular positions are authorized to be transferred from State agencies budgets into DoIT's budget. With respect to SHA, the section authorizes the Governor to transfer 1 regular positions and $74,526 in special funds into from SHA into DoIT. This initiative is discussed in the DoIT budget.

Personnel

Personnel expenditures at SHA increase by $0.8 million when comparing the fiscal 2013 allowance to the fiscal 2012 working appropriation. The increases in the allowance include the following:

- $1.2 million for employee and retiree health insurance expenditures;
- $0.6 million for employee retirement costs;
- $0.5 million in overtime expenditures relating to winter maintenance expenditures; and
- $0.3 million in increased turnover.

These increases are offset by the following decreases:

- $1.2 million due to the one-time $750 employee bonus ending in fiscal 2012;
- $0.5 million due to the transfer of 7 positions to the Motor Vehicle Administration for the Highway Safety Office; and
- $0.2 million in increments and other compensation due to the annualization of the Voluntary Separation Program and Section 47 reductions in fiscal 2012.

Other Budget Changes

Other major budget changes in the fiscal 2013 allowance include:

- $5.0 million in increased funding for the Watershed Implementation Plan and summer contract maintenance;

- $4.5 million for increased winter maintenance expenditures to more closely align expenditures to actual spending;

- $1.9 million for an energy loan repayment that helped to make the agency more energy efficient;

- $1.1 million in increased electricity costs per instructions from the Department of Budget and Management; and

- $0.9 million in increased spending on signs and markers, traffic signal parts, and tree trimming based upon historical spending.

The major decrease in the allowance is $6.9 million for the transfer of the Highway Safety Office from SHA to the Motor Vehicle Administration. The other major decrease is for engineers to inspect maintenance work. SHA indicates that this reduction will not affect the agency's ability to complete projects.

Highway User Revenues

HUR is estimated to increase $16.1 million in fiscal 2013. The increase is due to revenue growth and the county and municipal percentage share of the formula increasing. **Exhibit 6** provides a summary of the Baltimore City, county, and municipal share.

Exhibit 6
Highway User Revenue Distribution
Fiscal 2013

County	County Share	Municipal Share	Total
Allegany	$424,342	$347,215	$771,557
Anne Arundel	2,565,858	278,530	2,844,388
Baltimore City	132,017,526	0	132,017,526
Baltimore	3,694,752	0	3,694,752
Calvert	564,957	79,852	644,809
Caroline	361,031	118,525	479,556
Carroll	1,011,892	376,662	1,388,554
Cecil	583,477	179,237	762,714
Charles	840,312	110,212	950,524
Dorchester	399,863	135,343	535,206
Frederick	1,209,410	716,699	1,926,109
Garrett	476,968	108,581	585,549
Harford	1,254,847	311,776	1,566,623
Howard	1,399,980	0	1,399,980
Kent	205,705	67,831	273,536
Montgomery	3,323,900	1,054,132	4,378,032
Prince George's	2,548,171	1,365,638	3,913,809
Queen Anne's	475,519	45,012	520,531
St. Mary's	689,200	22,154	711,354
Somerset	256,148	51,790	307,938
Talbot	295,980	174,859	470,839
Washington	791,010	433,256	1,224,266
Wicomico	615,449	313,589	929,038
Worcester	458,919	228,491	687,410
Total	**$156,465,216**	**$6,519,384**	**$162,984,600**

Source: Maryland State Budget Book Volume I, page 611

PAYGO Capital Program

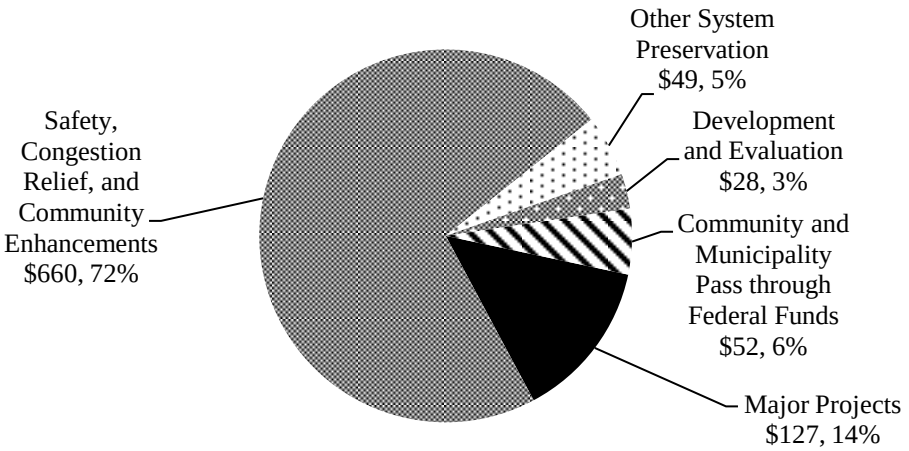
The State System Construction program provides funds for the capital program of SHA. Financing is available from current revenues, federal aid, and bond proceeds for construction and reconstruction projects on the State highway system, program-related planning and research, acquisition of major capital equipment, and all other capital expenditures. Funding is also provided for local capital programs through the State Aid in Lieu of Federal Aid program and various federal grants, including bridge replacement and rehabilitation, and the national highway system.

The *Consolidated Transportation Program* (CTP) includes a development and evaluation program (D&E) and a construction program. Generally, projects are first added to the D&E program where they are evaluated by planners/engineers and rights-of-way may be purchased. MDOT also prepares final and draft environmental impact statements for projects in the D&E program. These studies examine alternatives which include a no-build option and a number of different alignments. Spending on a project while in the D&E program is usually less than 15% of the total project cost. When MDOT wants to move a project forward, it is moved into the construction program.

Fiscal 2012 to 2017 *Consolidated Transportation Program*

SHA's fiscal 2013 pay-as-you-go allowance totals $915.7 million, an increase of $20 million from the fiscal 2012 working appropriation. **Exhibit 7** provides highlights of the funding by program area. As shown, a majority of the funds, 86%, is to be used for major projects, safety, congestion relief, and community enhancement projects.

Exhibit 7
State Highway Administration Capital Program by Area
Fiscal 2013 Allowance
($ in Millions)



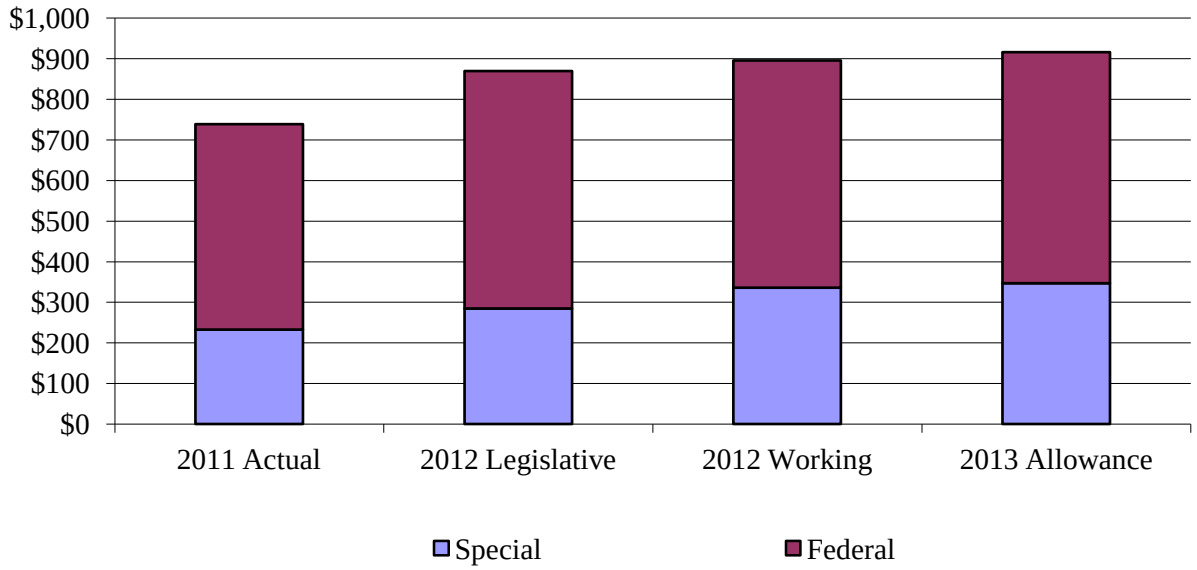
Source: Maryland Department of Transportation, 2012-17 *Consolidated Transportation Program*

Fiscal 2012 and 2013 Cash Flow Analysis

Exhibit 8 shows that the fiscal 2012 working appropriation is $26.0 million more than the legislative appropriation. Special funds increase $51.4 million, largely due to spending that did not occur in fiscal 2011 being carried forward into fiscal 2012. Federal funds decrease $25.3 million due to cash flow rollover, bid savings, and project delays.

The fiscal 2013 legislative appropriation is $20 million more than the fiscal 2012 working appropriation. The increase in spending is a result of cash flow changes in several projects.

Exhibit 8
Cash Flow Changes
Fiscal 2011-2013
($ in Millions)



Source: Maryland Department of Transportation, 2012-2017 *Consolidated Transportation Program*

Exhibit 9 provides a list of the major capital projects funded in the fiscal 2013 allowance. These 15 projects account for 88% of the spending for projects in the major construction program and total $360.7 million. Of the 15 projects, 11 projects involve bridge replacement or rehabilitation.

Exhibit 9
Major Construction Projects
Funded in Fiscal 2013
($ in Thousands)

County	Project	2013	Total $	Completion of Fiscal Cash Flow
Allegany	I-68, National Freeway, rehabilitate bridge on MD 51 over CSX, Canal Parkway, and bridge	$7,908	$16,169	2014
Anne Arundel	BRAC intersections near Fort Meade – design and construct intersection	14,204	39,094	2015
Anne Arundel	MD 175, Annapolis Road – intersection improvements from west of MD 173 to east of Disney Road	4,064	13,220	2013
Baltimore	I-695 Baltimore Beltway – replacement of MD 139 bridge	3,110	52,202	2013
Baltimore	I-695 Baltimore Beltway – replace bridge over MD 26	4,210	26,496	2014
Baltimore	I-695 Baltimore Beltway – replace bridge over MD 144	5,996	16,530	2014
Baltimore	I-695 Baltimore Beltway – replace bridge over MD 372 on inner loop	7,022	16,721	2014
Frederick	I-70 Baltimore National Pike – widen 1-70 east of MD 355 and replace the I-70 bridge over Reich's Ford Road	16,815	43,795	2014
Frederick	I-270, Eisenhower Memorial Highway – replace decks and widen bridges over MD 80 and Bennett Creek	2,717	10,752	2013
Frederick	US 15, Catoctin Mountain Highway – replace bridge on Motter Avenue	5,882	16,728	2015
Frederick	MD 140, Taneytown Pike – replace bridge over Monocacy River	2,678	5,055	2014
Harford	BRAC intersections near Aberdeen Proving Grounds – design and construct intersection improvements	9,204	20,273	2014
Montgomery	I-495, Capital Beltway – replace bridge over the Northwest Branch	3,437	9,482	2013
Prince George's	I-95, construct new interchange at I-95 and Contee Road Relocated	20,232	55,725	2014
Washington	I-70, Eisenhower Memorial Highway – widen and rehabilitate bridge over Concocheague Creek	4,125	18,431	2015
Total		**$111,604**	**$360,673**	

BRAC: Base Realignment and Closure

Source: Maryland Department of Transportation, 2012-2017 *Consolidated Transportation Program*

Projects Added to the Construction Program

The department added 11 projects to the construction program for a total cost of $157.3 million as shown in **Exhibit 10**. A number of the bridge projects were moved from system preservation to the construction program.

Exhibit 10
Projects Added to the Construction Program
Fiscal 2012 and 2013
($ in Thousands)

Project	2012	2013	Total Project Cost
I-68, National Freeway – Rehabilitate bridge on I-68 over Willis Creek (Allegany)	$2,202	$7,908	$16,169
I-695, Baltimore Beltway – Replace bridge over MD 372 (Wilkens Avenue) (Baltimore)	5,281	7,022	16,721
I-83, Harrisburg Expressway – Replace bridge on Middletown Road over I-83 (Baltimore)	344	1,947	5,492
MD 140, Taneytown Pike – Replace bridge over Monocacy River (Frederick)	167	2,678	5,055
MD 550, Woodsboro Road – Replace bridge over Israel Creek (Frederick)	30	2,402	2,959
MD 76, Motters Station Road – Replace bridge over Motter Run (Frederick)	177	1,722	2,353
US 15, Catoctin Mountain Highway – Replace bridge on Motter Avenue (Frederick)	3,622	5,882	16,728
US 40, Baltimore National Pike – US 40 westbound ramp to US 29 eastbound ramp over US 40 (Howard)	3,231	595	5,363
I-70, Eisenhower Memorial Highway – Bridge over Concocheague Creek (Washington)	354	4,125	18,431
Pedestrian Access to Transit (Statewide)	5,600	4,800	12,400
Total Maximum Daily Load – Chesapeake Bay Watershed Implementation Plan (Statewide)	15,600	19,400	55,600
Total	**$36,608**	**$58,481**	**$157,271**

Source: Maryland Department of Transportation, 2012-2017 *Consolidated Transportation Program*

Projects Added to the D&E Program

Four projects were added to the D&E program as shown in **Exhibit 11**; however, the State is only contributing funding to one of those projects. The other three projects are in Montgomery County which is contributing a total of $14.0 million to have planning work done on these projects. SHA indicates that Montgomery County is willing to provide funding for planning to help move certain projects forward. These are State projects that are also a priority of the State. MDOT indicates that it would like to see other jurisdictions take this approach as funding is tight. It is not clear if the county would also contribute to the construction of the project or not. **DLS recommends that SHA further discuss its hope that counties will contribute to projects in light of the constraints on local funding due to the reduction in HUR.**

Exhibit 11
Projects Added to the Development and Evaluation Program
($ in Thousands)

Project	2012	2013	Total Project Cost
I-695, Baltimore Beltway – Replace ramp at Southwest Boulevard (Baltimore)	$350	$650	$1,000
MD 97 – Georgia Avenue; Multimodal transit study between Glenmount and Oleny (Montgomery County contributing $5.0 million towards planning)			
MD 97, Georgia Avenue – Forest Glen Road to 16th Street (Montgomery is contributing $3.0 million towards planning)			
MD 586, Veirs Mill Road – MD 355 to MD 97 (Montgomery County is contributing $6.0 million towards planning)			
Total	**$350**	**$650**	**$1,000**

Source: Maryland Department of Transportation, 2012-2017 *Consolidated Transportation Program*

Project Moved from the D&E Program to the Construction Program

Two projects were moved from the D&E program to the construction program, totaling $77 million as shown in **Exhibit 12**.

Exhibit 12
Projects Moved from the Development and Evaluation Program to the Construction Program
($ in Thousands)

Project	2012	2013	Total Project Cost
I-95; Interchange at Contee Road (Prince George's)	$7,573	$20,232	$55,725
Base Realignment and Closure Intersections near Aberdeen Proving Grounds (Statewide)	3,050	9,204	20,273
Total	**$10,623**	**$29,436**	**$75,998**

Source: Maryland Department of Transportation, 2012-2017 *Consolidated Transportation Program*

Project Moved from the Construction Program to the D&E Program

One SHA project was moved from the construction program to the D&E program. The Base Realignment and Closure intersections at Bethesda Naval Center were moved out to breakout projects on MD 185 and MD 355. This was done because of the workflow issues due to the timing of when the construction contracts were advertised.

Issues

1. Administration's Proposal for Local Aid

As part of the Administration's proposal (Senate Bill 971/House Bill 1302 of 2012) to increase transportation revenues, local aid for transportation would increase. The Administration's revenue proposal would apply a 6% sales and use tax equivalent rate to the six-month average retail price of motor fuel which would then be collected at the wholesale level. The sales and use tax equivalent rate would be phased in using 2% increments based upon the increase in the average retail price over a calendar year. If the average retail price increases more than 15% compared to the prior calendar year, then the tax rate does not increase, if it is less than 15%, then the tax rate increases by 2 percentage points, up to 6%.

Once the tax rate reaches 6%, the Administration is proposing to share 20% of the new revenue with local jurisdictions through a separate account called the "Local Transportation Infrastructure Aid Account." During the phase-in of the tax rate, local jurisdictions would receive 10% of revenue at the 2% tax rate and 15% of revenue at the 4% tax rate. Of the available revenue in a given fiscal year, the counties receive 70%, the municipalities 20%, and Baltimore City would receive 10%. The funding for counties and municipalities would be distributed using the existing HUR formula of registrations and road miles. **Exhibit 13** provides a summary of how much revenue the Administration estimates would be distributed from the new revenue based upon the new allocation.

Exhibit 13
Distribution of New Revenue
Fiscal 2013-2017
($ in Millions)

	2013	2014	2015	2016	2017
New Revenue	$196	$398	$604	$613	$620
Maryland Department of Transportation	$176	$338	$483	$490	$496
Local	$20	$60	$121	$123	$124
Counties (70%)	14	42	85	86	87
Municipalities (20%)	4	12	24	25	25
Baltimore City (10%)	2	6	12	12	12

Note: From fiscal 2013 to 2015, the sales and use tax equivalent rate is phased in based upon the change in the retail price and is estimated to be as follows: 2% in fiscal 2013, 4% in fiscal 2014, and 6% in fiscal 2015. As the sales and use tax rate is phased in, the local share is also phased in and is to total 10% when the sales and use tax rate equivalent is 2%, 15% at a 4% tax rate, and 20% at a 6% tax rate.

Source: Maryland Department of Transportation

Exhibit 14 shows the total amount of local aid for transportation from the new local aid account and HUR from fiscal 2013 to 2017. Under the Administration's plan, the counties would receive a majority of the funding as opposed to HUR where Baltimore City receives over 81.0% of the funding. By fiscal 2017, total local aid for transportation is expected to total $307 million under the Administration's plan with Baltimore City receiving approximately 52.0% of all aid, the municipalities 11.0%, and the counties 37.0%. By way of comparison, in fiscal 2009 when HUR was last fully funded, the total funding level was $467 million with the counties receiving $239 million (51.1%), Baltimore City $188 million (40.3%), and municipalities $40 million (8.6%). **Appendix 6** shows how the county and municipal share is distributed by county.

Exhibit 14
Total Local Transportation Aid
Fiscal 2013-2017
($ in Millions)

	2013	2014	2015	2016	2017
LTIAA	$20	$60	$121	$123	$124
Counties (70%)	14	42	85	86	87
Municipalities (20%)	4	12	24	25	25
Baltimore City (10%)	2	6	12	12	12
Highway User Revenues	$163	$170	$176	$181	$183
Counties (15%)	24	26	28	28	29
Municipalities (4%)	7	7	7	8	8
Baltimore City (81%)	132	137	141	145	147
Total Local Aid	**$183**	**$230**	**$297**	**$304**	**$307**
Counties	38	68	112	114	115
Municipalities	11	19	31	33	33
Baltimore City	134	143	153	157	159

LTIAA: Local Transportation Infrastructure Aid Account

Source: Department of Legislative Services; Maryland Department of Transportation

Issues

There are several issues to consider regarding the Administration's proposal for local aid.

- **Redundant Local Aid Grants:** By creating a second local aid grant for transportation, the Administration has created a redundant local aid program. Given that the new program uses

the existing HUR distribution model, there is no reason that the existing HUR formula could not be used to accommodate any funding goals that the Administration may have for local aid. **Exhibit 15** shows how the existing HUR formula would be calculated to achieve the same funding levels for MDOT and local jurisdictions as proposed by the Administration.

Exhibit 15
How to Distribute New Local Aid Using Existing Formula
Fiscal 2013-2015
($ in Millions)

	Percent Share	2013	Percent Share	2014	Percent Share	2015
New Revenue		$195.0		$398.0		$604.0
MDOT	89.9%	$1,641.0	89.3%	$1,939.6	87.8%	$2,143.2
Baltimore City	7.4%	135.0	6.6%	143.4	6.3%	153.8
Counties	2.1%	38.0	3.2%	69.5	4.6%	112.3
Municipalities	0.6%	11.0	0.9%	19.5	1.3%	31.7
Total	**100.0%**	**$1,825.0**	**100.0%**	**$2,172.0**	**100.0%**	**$2,441.0**
Equal Share of New Money						
MDOT	89.1%	$173.7	84.4%	$335.9	79.9%	$482.6
Baltimore City	1.5%	3.0	1.7%	6.8	2.0%	12.3
Counties	7.1%	13.9	10.8%	42.9	14.0%	84.7
Municipalities	2.3%	4.4	3.1%	12.4	4.0%	24.4
Total	**100.0%**	**$195.0**	**100.0%**	**$398.0**	**100.0%**	**$604.0**

MDOT: Maryland Department of Transportation

Source: Department of Legislative Services

- **Distribution of Funding:** In the Administration's proposal, the counties and municipalities would receive a majority of the funding. This is unlike the existing HUR formula where Baltimore City receives a majority of the funding. The General Assembly may want to reconsider how the funding is distributed.

- **Local Aid Reduces State Funding:** The Administration's proposal is estimated to raise approximately $600 million when fully phased in. Of that amount, 20% or approximately $120 million would be shared with local jurisdictions. Any revenue that is shared with local jurisdictions reduces the amount of revenue available to the State.

DLS recommends that the department discuss with the committees the Administration's proposal for local aid. DLS also recommends that during the General Assembly's deliberations on the Administration bill that instead of creating a whole new mechanism to distribute local aid that the existing HUR program be used to achieve any policy objectives.

2. Local Funding Alternatives

The Administration's proposal for local funding provides an opportunity to rethink how local aid for transportation is distributed and used. Following are several alternatives that the committees may want to consider.

- **General Fund Aid Program:** First, should the relationship between the Transportation Trust Fund (TTF) and local aid for transportation end? If the answer is yes, then this could be accomplished by returning the corporate income and rental car sales tax to the general fund as shown in **Exhibit 16**. As shown, this is roughly equal to the amount of local HUR currently projected, except for fiscal 2013.

Exhibit 16
Local Highway User Revenues Alternative Funding
Fiscal 2013-2017
($ in Millions)

	2013	2014	2015	2016	2017	Total
Corporate Income Tax	$66	$146	$158	$165	$150	$685
Rental Car Sales Tax	25	26	27	28	29	135
Subtotal	***$91***	***$172***	***$185***	***$193***	***$179***	***$820***
Local Share of HUR	**$163**	**$170**	**$176**	**$181**	**$183**	**873**
Difference	**-$72**	**$2**	**$9**	**$12**	**-$4**	**-$53**

HUR: Highway User Revenues

Source: Department of Legislative Services

A new general fund program in Payments to Civil Divisions of the State for local aid to transportation could be created. The existing formula of distributing aid to local jurisdictions based upon road miles and vehicle registrations would continue. The local aid grant could include a maximum amount of funding that could be supplemented by the Governor with general funds through appropriation. The General Assembly could increase the maximum amount of funding that would go to the general fund grant by indicating that a percentage of

existing or new revenues would be dedicated for local transportation aid. Otherwise, a new special fund account outside of the TTF could be created for local transportation aid, independent of the State TTF.

- **Maintain Existing Structure:** If the committees decide to keep the current relationship between the transportation revenues and HUR, then the next question is how much of any new revenue should go to the TTF and how much should be distributed to local jurisdictions. Once the total amount of funding for local jurisdictions is determined, then the split between Baltimore City, the counties, and municipalities needs to be determined.

- **Operating and Capital Grants:** Another option to distributing local aid would be to rethink how local aid for transportation is structured. Specifically, two funding mechanisms for local aid, one for operating and one for capital could be created. For transportation operating aid, a smaller grant using the current HUR formula could be used to provide local aid for transportation operating and maintenance funding. Baltimore City could continue to receive a larger share of the funding given its unique funding arrangement. Municipalities could be restored to historical funding levels since they do not have the same taxing authority as counties and an appropriate funding level for counties would need to be determined. In addition, statute could clarify that the operating grants need to be accounted for as a special fund in local budgets for transparency, stipulate how funds could be used, and require a quadrennial audit by SHA to determine that the funds were used properly by local jurisdictions.

  For capital transportation aid, a capital grant could be provided to local jurisdictions. Local jurisdictions could submit requests for local projects, and the department would then have the opportunity to review the requests for projects to ensure that they are viable. While project awards could be made in a given fiscal year, payments could be tied to the cash flow needs of a specific project. The program could also be structured such that the capital grants are loans or that a local match would be required for funding similar to the federal funding model. The amount of funding that is provided annually in capital grants and any requirements for how those grants are distributed are policy decisions.

- **Create Revolving Loan Fund or State Infrastructure Bank:** Instead of a capital grant, a revolving loan fund could be created for local transportation projects. Unlike a grant, a revolving loan fund would require a repayment. The repayment length and terms could be negotiated by the department. The program could require either ongoing appropriations or require funding upfront to be capitalized. The funding required for a bank concept would be less than an ongoing capital appropriation. Furthermore, the bank could also be used to help incentivize private investment in infrastructure. For example, the State could provide below market loans to the private sector for projects it deems a priority. Several other states have created revolving loan funds, or infrastructure banks, to help move forward local projects or joint ventures with the private sector. **DLS recommends that MDOT discuss the various local aid options presented, in particular, the revolving loan concept.**

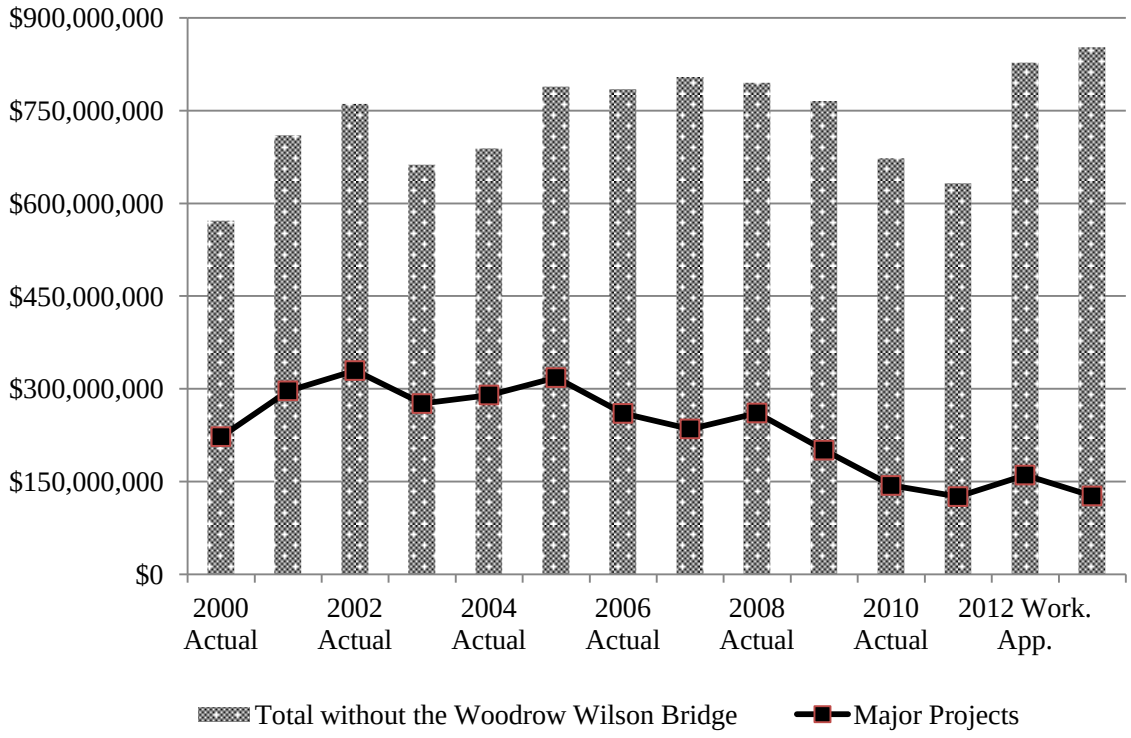
3. State of Highway Funding

In fiscal 2013, capital spending at SHA for State roads is expected to total $852.0 million, with State funding for the capital program totaling $339.3 million or 40% of the total.

Historical Funding Levels

As shown in **Exhibit 17**, the total highway funding level in fiscal 2011 is approximately $60 million higher than in fiscal 2000, when taking out spending for the Woodrow Wilson Bridge. From fiscal 2005 to 2009, total highway spending exceeded $750 million. Spending started to decline in fiscal 2010 as revenues declined, but additional federal funds from the American Recovery and Reinvestment Act of 2009 helped to maintain highway spending. In fiscal 2012 and 2013, spending increases due to revenue growth and cash flow roll over.

Exhibit 17
Historical Highway Spending
Fiscal 2000-2012



Note: This does not reflect spending for the InterCounty Connector since that funding came from toll revenues.

Source: Department of Legislative Services

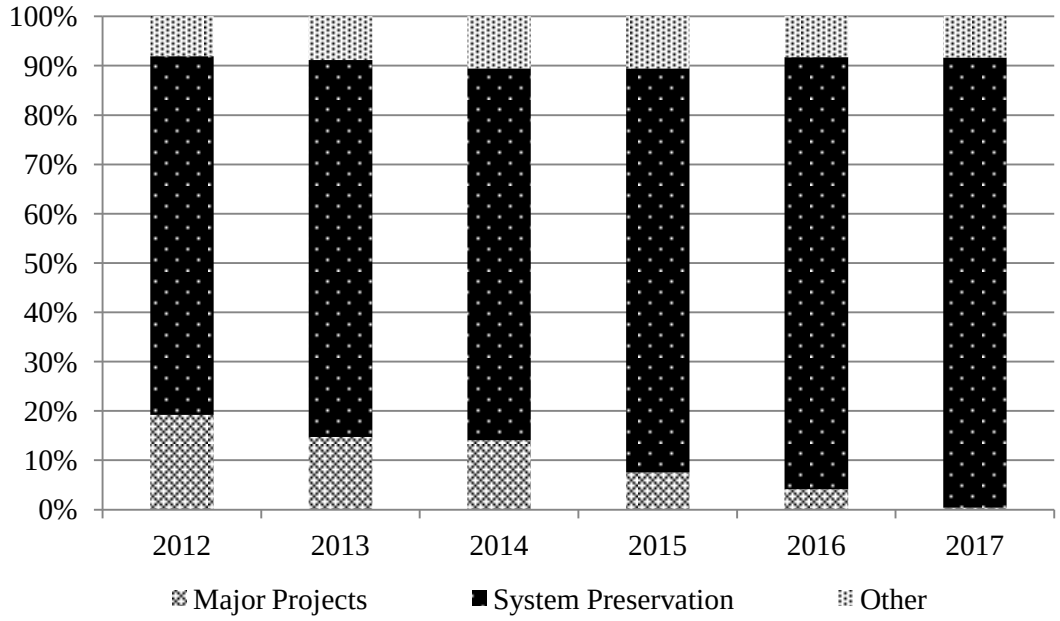
Despite an increase in registration fees during the 2004 session and a revenue increase during the 2007 special session, special fund highway funding in fiscal 2011 is less than the fiscal 2000 level, before accounting for the impact of inflation, by $39 million and over $200 million less than peak spending in fiscal 2007. This demonstrates that while special fund spending on highways has been declining, highway spending through fiscal 2011 has been largely maintained through federal funds.

Exhibit 16 also shows the amount of funding provided for major projects. Major projects are larger projects that would expand the system or make it more efficient. From fiscal 2001 to 2005, major project funding exceeded $300 million and accounted for roughly 40% of all highway spending in those fiscal years. Beginning in fiscal 2006, the amount of major project spending began to decline even though overall highway spending was at its highest levels. MDOT indicates that part of this decline may have to do with how projects were categorized between major projects and system preservation. What Exhibit 16 does show is that by fiscal 2011, funding for major projects totaled $126 million, or 20%, of all spending and was roughly half of the amount of peak spending in fiscal 2002.

System Preservation Funding Accounts for Larger Share of Program

While spending for major projects has been declining, system preservation funding has been increasing as it becomes more expensive to maintain the existing system. For example, most of the projects added to the construction program in the fiscal 2012 to 2017 CTP are bridge-related projects. **Exhibit 18** shows how much of the capital program is expected to be spent on system preservation and major projects in the fiscal 2012 to 2017 CTP. System preservation funding is expected to account for over 90% of all highway funding in fiscal 2017. Major project funding represents 20% of all spending in fiscal 2012 and is expected to decline to $2.4 million in fiscal 2017. The department indicates that the cost of maintaining the system will grow faster than revenues, so a larger share of revenue will be spent on system preservation.

Exhibit 18
Highway Funding by Category
Fiscal 2012-2017



Source: Department of Legislative Services

Future Highway Funding

Little funding is provided to expand the existing system in the future, despite the high levels of congestion in the State. Furthermore, as was discussed in the MDOT Overview, in recent fiscal years, special fund spending on transit is taking up more available revenue than highways. While the cost of providing transit services has increased, the State has also promoted smart growth policies as a way to address congestion in the State. This policy promotes transportation options in high density focusing on expanding transit services or highway improvements in areas where the State wants growth to occur. The Administration's goal to double transit ridership in the State and planning for the major transit lines reflects this policy.

To construct the major transit lines, a sizable revenue increase is required with a large portion of that funding dedicated to the transit lines; however, as shown, highway spending has been declining as are system preservation measures. Furthermore, the capital program is expected to be largely dominated by system preservation projects instead of expansion projects, and any future revenue increase is likely to be largely spent on constructing two transit lines and not for highway expansion projects. While this would appear to reflect the Administration's plan to promote smart growth policies to address congestion in the State, it would do little to help drivers on the highway

network outside of the urban areas. Furthermore, the transit lines would only serve a portion of the State, while the needs of an aging and congested highway network are extensive and impact a significantly larger portion of the population.

DLS recommends that MDOT and SHA discuss with the budget committees the future of highway funding, particularly if the transit lines are constructed. In addition, it should discuss how it intends to balance between highway and transit spending moving forward. Furthermore, the agencies should discuss what steps can be taken to reduce congestion on the highway network besides the transit lines and how that might be prioritized in the capital program, particularly given the budget constraints noted earlier.

4. Watershed Implementation Plan

Background

Since 2000, the U.S. Environmental Protection Agency (EPA) has been working with the watershed states – Delaware, Maryland, New York, Pennsylvania, Virginia, West Virginia, and the District of Columbia – to develop a Chesapeake Bay Total Maximum Daily Load (TMDL), as required under the federal Clean Water Act. This action will satisfy consent decrees issued in 1999 and 2000 in Virginia and the District of Columbia that required a bay TMDL by May 2011 if the bay could not be removed from the list of impaired waters. In May 2009, President Barack H. Obama issued an executive order directing the federal government to lead a renewed effort to restore and protect the bay and its watershed.

In December 2010, EPA established a final TMDL for the Chesapeake Bay. This TMDL puts the Chesapeake Bay on a "pollution diet" by establishing the maximum amount of pollution the bay can receive and still attain water quality standards and identifying specific pollution reduction requirements among the various contributing sources. Contributing sources include wastewater, stormwater runoff, septic systems, agriculture, and air pollution. EPA has set a timeline in place requiring 60% of the pollution reduction measures to be in place by 2017 and all pollution reduction measures to be in place by 2025.

MDOT's Role in Meeting Pollution Reduction Goals

MDOT, especially SHA, has an important role to play in the bay cleanup process. SHA owns over 2,500 stormwater management facilities and nearly 17,000 lane miles of roadway located throughout the State. Untreated stormwater from impervious surfaces like roads is a significant cause of water quality impairment.

Pollution in stormwater discharge is regulated under the federal Clean Water Act by the National Pollutant Discharge Elimination System (NPDES) permit program. In Maryland, the Maryland Department of the Environment (MDE) administers NPDES and issues permits for stormwater discharge. MDE issues Phase I permits for medium and large jurisdictions including Anne Arundel, Baltimore, Carroll, Charles, Frederick, Harford, Howard, Montgomery, and

Prince George's counties and Phase II permits for small municipal separate storm systems. SHA owns and maintains roadway storm drain systems throughout the State and has both Phase I and Phase II permits. Several other MDOT modes also have Phase II permits. NPDES permits are generally valid for a period of five years.

Many areas of the State were developed before the NPDES permitting process began and either have no stormwater controls or the controls do not meet the pollution control standards currently in place. Therefore, current Phase I discharge permits include requirements for retrofitting existing systems. To help meet TMDL requirements, Maryland has proposed more stringent requirements on retrofitting for Phase I permits and also proposed new requirements for Phase II permits. SHA's Phase I permits require reducing nutrient and sediment to a level equivalent to stormwater treatment on 30% of SHA's impervious surface developed before the State's 1985 stormwater law was implemented. For Phase II permits, SHA and the other MDOT modes will be required to reduce nutrient and sediment to a level equivalent to stormwater treatment on 20% of its impervious surface developed before 1985. These reductions can be made through system retrofitting or alternative practices like forest buffer planting, stream and wetland restoration, pavement removal, or operational practices (*e.g.*, street sweeping and inlet cleaning).

The Cost of Cleanup

SHA's role and share of the cost of the TDML is significant. The fiscal 2012 to 2017 CTP includes $55.1 million in funding for SHA's Watershed Implementation Plan (WIP) efforts. SHA had previously indicated that the total cost to implement the required programs would be from $1.0 billion to $1.5 billion; however, SHA has reduced that amount in the short term because it is focusing on lower cost strategies that will not involve right of way acquisition. Once the easier, low cost projects have been completed, the cost for later projects will increase.

Exhibit 19 shows the difference in funding projected in the CTP compared to what SHA projects is needed to meet the 2017 TMDL goal. As shown, the funding gap to meet the short-term TMDL goals is quite large. It is important to note that the cost of doing projects could increase, based upon guidance from EPA or other State agencies.

In its report to the budget committees, MDOT indicates that the only way it can meet the TMDL goals is through a revenue increase. MDOT also indicates that the annual cost to meet the ongoing goals is likely to remain at about $100 million a year from fiscal 2017 to 2025. Therefore, an increasing share of transportation and highway funding will not be used for improving or expanding the highway network, instead it will be used for environmental projects that will have little benefit to improving traffic and roadway conditions.

Another important point to be made about the WIP is that there are a limited number of contractors in the State that can perform this type of work. Over time, it is likely that the demand and need for these types of projects will be greater than the available capacity of SHA staff and the private sector. Furthermore, local jurisdictions will also need to undertake similar projects to meet the WIP goals.

Exhibit 19
Fiscal 2012-2017 WIP Funding
($ in Millions)

	2012	2013	2014	2015	2016	2017	Total
CTP Funding	$15.6	$19.4	$11.1	$9.0	$0	$0	$55.1
Estimated Need	15.6	50.0	50.0	75.0	100.0	100.0	390.6
Difference	$0	-$30.6	-$38.9	-$66.0	-$100.0	-$100.0	-$335.5

CTP: *Consolidated Transportation Program*
WIP: Watershed Implementation Plan

Source: Maryland Department of Transportation; Department of Legislative Services

DLS recommends that the agency discuss with the committees the following:

- **Is it better to focus on low-cost strategies now to mitigate the upfront cost instead of more evenly distributing the cost across several fiscal years;**

- **how does SHA intends to fund the strategies necessary to meet the goal given the constraints on revenue; and**

- **what happens if SHA does not meet the requirements outlined in its permits?**

5. Unique Funding Arrangement for Prince George's County Project

The State had been moving forward with a project to make intersection improvements at the Forestville Road/I-95/I-495 interchange near the Joint Base Andrews. The State estimated that the cost of the project was $2 million. Instead of the State constructing the project, a $2 million capital grant to Prince George's County for the project is proposed in the Secretary's Office.

The department is proposing to use a grant from the Secretary's office instead of funding the improvements through SHA to support the county's economic development initiatives. The county has committed to coordinate on the scope and approvals necessary for the project and to meet Federal Highway Administration requirements regarding the project. A draft agreement is currently under review and is expected to be finalized in fiscal 2012.

This funding arrangement raises several issues. First, why the State is not moving forward with what it considered a reasonable plan for construction instead of deferring to the county's wishes. Second, why the county is taking the lead for the scope and approvals for a project that is on a State highway. Third, why this is being done as a capital grant instead of the county providing additional funding for the project to supplement the State appropriation? Finally, this does create a precedent of deferring to local wishes for State road projects. **DLS recommends that SHA address the issues raised above.**

Operating Budget Recommended Actions

		Amount Reduction	
1.	Reduce funding for electricity. The fiscal 2013 allowance includes $1,851,703 in an energy loan conservation repayment. The concept is that savings from energy conservation will be used to pay for the projects necessary to achieve the savings. The fiscal 2013 allowance for electricity does not reflect the savings from the energy conservation projects. This action would conform the appropriation for utilities to what is indicated as savings in the loan repayment.	$1,851,703	SF
	Total Special Fund Reductions	**$ 1,851,703**	

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Information on Process for Permits

During the 2010 and 2011 sessions, legislation was considered that would have required SHA to implement a process for expedited review and approval of permits for construction. The bills did not pass, but budget bill language was added to the fiscal 2012 budget bill requesting a report. SHA submitted a report on two permits it issues. Following is information on each.

Access Permits

SHA may grant an access permit when engineering plans are approved and upon receipt of an acceptable surety. The access permit allows an applicant to perform construction within the right-of-way under SHA oversight and inspection. An applicant must coordinate with local jurisdictions on local development review and with SHA for review of traffic impact studies, required roadway improvements, development plans, and engineering calculations for work to be performed. To perform construction, an entity must obtain a SHA permit, secure approval of pre-permit plans, and receive permit authorization to perform the activity.

SHA has undertaken several initiatives to reduce the wait times for approvals. This includes convening a workgroup and developing a web-based database to track project reviews, provide online tracking, and other internal administrative changes. SHA indicates that the average response time for final permit processing is 17.5 days per permit. Other review timeline goals include:

- Completing review of traffic impact study submissions in 45.0 days or less. The average response time is 27.0 days.

- Completing pre-engineering reviews in 30.0 days or less on typical projects and up to 45.0 days for more complex projects. The current response time is 22.9 days.

- The goal for completion of processing and final issuance for most projects is within 21.0 days and larger projects may require up to 45.0 days.

Specific to the information requested in the budget bill language, SHA has issued 126 construction related permits through December 31, 2011, of which 88% were issued within 30 days and 98% within 45 days. During 2011, 75%, or (94 permits) of construction related permits were issued within 21 days.

Hauling Permits

Hauling permits are required to move oversized and/or overweight loads that cannot otherwise be moved legally. There are varying types of permits. SHA indicates it is unable to determine how many hauling permits were used for construction purposes and that 100% of permits were issued within 30 days of complete application being submitted.

Appendix 1

Current and Prior Year Budgets

Current and Prior Year Budgets
MDOT – State Highway Administration
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2011					
Legislative Appropriation	$0	$334,263	$18,007	$0	$352,270
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	58,722	2,125	0	60,847
Reversions and Cancellations	0	-436	-2,957	0	-3,393
Actual Expenditures	**$0**	**$392,549**	**$17,175**	**$0**	**$409,724**
Fiscal 2012					
Legislative Appropriation	$0	$324,933	$17,970	$0	$342,903
Budget Amendments	0	13,787	40	0	13,827
Working Appropriation	**$0**	**$338,720**	**$18,010**	**$0**	**$356,730**

Note: Numbers may not sum to total due to rounding.

Fiscal 2011

Actual spending totaled $409.7 million, $57.5 million less than the legislative appropriation. Special fund spending increased a net of $58.3 million. Special fund budget amendments totaled $58.7 million. The budget amendments included the following:

- $34.8 million in winter maintenance expenditures exceeding the budgeted amount;
- $23.2 million for HUR due to changes in the formula and revenue attainment;
- $1.0 million in damage for reimbursable accidents exceeding the budgeted amount; and,
- $0.3 million decrease in CHART spending due to funding being overstated.

Special fund cancellations totaled $0.4 million due to CHART spending being less than anticipated.

Federal fund budget amendments increased spending $2.1 million due to CHART spending exceeding estimates. Federal fund cancellations total $3.0 million as a result of CHART spending not meeting estimates and highway safety grant payments being delayed.

Fiscal 2012

The fiscal 2012 working appropriation increases $1.2 million to fund the one-time bonus for State employees. The fiscal 2012 working appropriation also includes an amendment to increase HUR funding by $12.6 million even though the amendment has not been approved by the budget committees.

Object/Fund Difference Report
MDOT – State Highway Administration

Object/Fund	FY 11 Actual	FY 12 Working Appropriation	FY 13 Allowance	FY 12 - FY 13 Amount Change	Percent Change
Positions					
01 Regular	1,546.00	1,530.00	1,521.00	-9.00	-0.6%
02 Contractual	0.90	4.40	5.80	1.40	31.8%
Total Positions	**1,546.90**	**1,534.40**	**1,526.80**	**-7.60**	**-0.5%**
Objects					
01 Salaries and Wages	$ 97,078,319	$ 100,621,231	$ 101,462,583	$ 841,352	0.8%
02 Technical and Spec. Fees	4,139,768	3,088,628	3,198,110	109,482	3.5%
03 Communication	1,216,766	1,424,000	1,241,317	-182,683	-12.8%
04 Travel	513,880	326,859	300,200	-26,659	-8.2%
06 Fuel and Utilities	12,576,133	12,128,476	14,960,991	2,832,515	23.4%
07 Motor Vehicles	14,489,021	13,543,554	13,695,486	151,932	1.1%
08 Contractual Services	80,636,804	49,280,424	55,840,090	6,559,666	13.3%
09 Supplies and Materials	31,495,560	17,578,910	20,386,039	2,807,129	16.0%
10 Equipment – Replacement	370,953	544,722	582,077	37,355	6.9%
11 Equipment – Additional	204,917	129,082	179,810	50,728	39.3%
12 Grants, Subsidies, and Contributions	166,683,301	157,750,163	167,401,790	9,651,627	6.1%
13 Fixed Charges	281,977	314,047	331,753	17,706	5.6%
14 Land and Structures	36,908	0	0	0	0.0%
Total Objects	**$ 409,724,307**	**$ 356,730,096**	**$ 379,580,246**	**$ 22,850,150**	**6.4%**
Funds					
03 Special Fund	$ 392,549,094	$ 338,720,067	$ 368,428,273	$ 29,708,206	8.8%
05 Federal Fund	17,175,213	18,010,029	11,151,973	-6,858,056	-38.1%
Total Funds	**$ 409,724,307**	**$ 356,730,096**	**$ 379,580,246**	**$ 22,850,150**	**6.4%**

Note: The fiscal 2012 appropriation does not include deficiencies.

Fiscal Summary
MDOT – State Highway Administration

Program/Unit	FY 11 Actual	FY 12 Wrk Approp	FY 13 Allowance	Change	FY 12 - FY 13 % Change
01 State System Construction and Equipment	$ 634,330,437	$ 827,586,000	$ 852,119,000	$ 24,533,000	3.0%
02 State System Maintenance	236,652,766	191,816,797	206,935,384	15,118,587	7.9%
03 County and Municipality Capital Funds	98,299,999	62,523,000	56,755,000	-5,768,000	-9.2%
04 Highway Safety Operating Program	15,526,756	17,987,293	9,660,262	-8,327,031	-46.3%
05 County and Municipality Funds	157,544,785	146,926,006	162,984,600	16,058,594	10.9%
08 Major IT Development Projects	5,623,135	5,500,000	6,776,000	1,276,000	23.2%
Total Expenditures	**$ 1,147,977,878**	**$ 1,252,339,096**	**$ 1,295,230,246**	**$ 42,891,150**	**3.4%**
Special Fund	$ 624,802,338	$ 674,721,067	$ 714,985,273	$ 40,264,206	6.0%
Federal Fund	523,175,540	577,618,029	580,244,973	2,626,944	0.5%
Total Appropriations	**$ 1,147,977,878**	**$ 1,252,339,096**	**$ 1,295,230,246**	**$ 42,891,150**	**3.4%**

Note: The fiscal 2012 appropriation does not include deficiencies.

Appendix 4

Budget Amendments for Fiscal 2012

Maryland Department of Transportation
State Highway Administration – Operating

Status	Amendment	Fund	Justification
Approved	$1,140,952	Special	Adjusts the appropriation for the $750 bonus
	40,496	Federal	
	$1,181,448	**Total**	
Pending	$12,645,988	Special	Highway User Revenue increase based on anticipated revenue adjustment
Total	$13,827,436		

Source: Maryland Department of Transportation

Appendix 5

Budget Amendments for Fiscal 2012

Maryland Department of Transportation
State Highway Administration – Capital

Status	Amendment	Fund	Justification
Approved	$814,304	Special	Adjusts the appropriation for the $750 bonus
	348,987	Federal	
	$1,163,291	**Total**	
Pending	$50,559,371	Special	Adjusts the amended appropriation to agree with the anticipated expenditures in the fiscal 2012-2017 *Consolidated Transportation Program*.
	-25,696,109	Federal	
	$24,863,262	**Total**	
Pending	$34,500,000	Federal (Local)	Adjusts local capital funds to reflect cash flow changes
Total	**$60,526,553**		

Source: Maryland Department of Transportation

Appendix 6

County and Municipal Share from Administration's Proposal at 6%

County	County Share	Municipal Share	Total
Allegany	$1,466,505	$1,285,667	$2,752,172
Anne Arundel	8,867,477	1,031,343	9,898,820
Baltimore City	12,070,000	0	12,070,000
Baltimore	12,768,880	0	12,768,880
Calvert	1,952,463	295,675	2,248,138
Caroline	1,247,705	438,875	1,686,580
Carroll	3,497,047	1,394,707	4,891,754
Cecil	2,016,468	663,681	2,680,149
Charles	2,904,075	408,092	3,312,167
Dorchester	1,381,905	501,147	1,883,052
Frederick	4,179,662	2,653,794	6,833,456
Garrett	1,648,376	402,055	2,050,431
Harford	4,336,690	1,154,444	5,491,134
Howard	4,838,263	0	4,838,263
Kent	710,905	251,167	962,072
Montgomery	11,487,232	3,903,245	15,390,477
Prince George's	8,806,355	5,056,687	13,863,042
Queen Anne's	1,643,371	166,672	1,810,043
St. Mary's	2,381,841	82,030	2,463,871
Somerset	885,235	191,769	1,077,004
Talbot	1,022,893	647,470	1,670,363
Washington	2,733,691	1,604,261	4,337,952
Wicomico	2,126,962	1,161,160	3,288,122
Worcester	1,586,000	846,058	2,432,058
Total	**$96,560,000**	**$24,140,000**	**$120,700,000**

Source: Maryland Department of Transportation; Department of Legislative Services